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# ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Info for CORE Committee

| FROM: | EXTENSION | NO. |
|---|---|---|
| Acting Chief, Management Staff, DDA<br>7D18 Hqs | | DATE<br>19 June 1981 |

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| TO: (Officer designation, room number, and building) | DATE | | OFFICER'S INITIALS | COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.) |
|---|---|---|---|---|
| | RECEIVED | FORWARDED | | |
| 1. ~~DD/L~~ P+PS<br>2G20B | 6-23 | | | Dan -<br><br>Attached are the DDA overviews which Terry wrote for the submission of the FY 82 and FY 83 programs. I've highlighted some noteworthy passages.<br><br>I've also attached the "Doing More With Less" memo because it provides some good information on out cutback philosophy. |
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DDA 80-0257/2

21 FEB 1980

MEMORANDUM FOR:  Deputy Director of Central Intelligence

FROM:            Don I. Wortman
                 Deputy Director for Administration

SUBJECT:         Doing More With Less

REFERENCE:       Minutes of Executive Committee Meeting, 16 January 1980;
                 EXCOM 9014-80 dtd 24 Jan 80


1.  You directed, at the 16 January 1980 Executive Committee meeting, that each of us review the subject of "Doing More With Less" with our staffs, report back to you with our comments, and identify initiatives we feel appropriate. In response, I had [          ] repeat her briefing for my office directors and senior staff, after which we thoroughly aired the subject of productivity and productivity improvement in the Directorate.

2.  As you are all too aware, offices in the Administration Directorate have been operating in a constrained resource environment for the last couple of years. While I am encouraged by the apparent ground swell of support that is building for the Agency, both within our society and on Capitol Hill, I don't yet see any positive indicators that suggest that my specific resource environment will significantly improve in the fore-seeable future. As a result, then, our support offices will continue to be asked to do more with less. In this regard, I think that they have responded well to this challenge in the last year or two and I attribute this both to creative, innovative management and to a high degree of dedication and commitment throughout the Directorate workforce.

3.  Every office in the Directorate maintains productivity statistics appropriate to their function. Without exception, they indicate that, at least over the short term, we are doing more with less. These statistics clearly indicate that requirements for our services are increasing, in most instances, at an increasing rate. At the same time, however, two factors are impacting on our ability to satisfy these requirements. The reduced availability of capital investment funds in recent years has limited our ability to introduce or continue the level of productivity-enhancing automation activities that are essential to doing more with less. In addition, we continue to fall victim to the effects of inflation-- recently we have been losing purchasing power at the rate of some 4 percent of our non-personal services funds per year.

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4. Notwithstanding this fiscally-adverse environment our offices are, for the most part, satisfying customer requirements in an acceptable manner. They are doing so in a number of ways:

    a. through capital investment in automated systems on a funding-available basis (e.g., Comptroller year-end reprogramming approval for the Automated Printing and Reproduction System [APARS]--$1.6 million in September 1979--and for the three-year upgrade to the Cable Dissemination System--$3.5 million beginning in June 1978);

    b. through development of computer software systems by ODP. A critical step in this software development process is the conceptual modeling of both the way we now do jobs and the most effective way to do them if different--so as to ensure that we automate processes as they can most effectively and efficiently be performed; and

    c. through creative, innovative management at the branch, division and office levels within the Directorate. An example here is the analysis of the policies, regulations, and procedures we follow. Are productivity constraints real and necessary or are they based on faulty or dated assumptions?

5. At the risk of losing your interest, it is important that you understand the environment that exists today in the Administration Directorate because it will help place in context my recommendations on your Doing More With Less Program, at least as it affects my offices. The only way Administration Directorate offices can continue to satisfy increasing user requirements is to . . . "do more with less." I presently have two formal productivity improvement programs in development in the Directorate. One is being conducted in the Printing and Photography Division of the Office of Logistics, where productivity standards are being formally established for each basic skill (all of which, by the way are unionized). The data being used to support each productivity standard is being drawn from the private sector and from the Printing Institute of America. Once established, these standards will be loaded into a computerized Management Information System (MIS) along with appropriate resource availability and job tracking data to maximize the effective utilization of resources and to measure the extent to which actual performance matched that anticipated. The completed MIS, due to commence full operation within the next month or so, will provide management with the following specific types of information.

    a. Resource Allocation

        (1) Job Scheduling: The ability to assign work and schedule job delivery dates for more accurate job throughput estimating.

        (2) Job Tracking: The ability to retrieve current status and location of jobs to eliminate backlogs and bottlenecks.

(3) Job Costing: The ability to perform cost accounting and to compare estimated costs with actual costs.

(4) Workload Estimation: The ability to determine workloads throughout the division from information about job sizes, available manpower and machine capabilities.

(5) Service: The ability to tell not only whether jobs are completed on time, but also measurements are established concerning quality, production error-rates, and customer satisfaction.

b. Production Statistics: The ability to measure productivity of the various components of P&PD and reflect statistics in a monthly report showing figures for each month of the current fiscal year and an average for the last fiscal year. Statistics accumulated to date can be obtained at will.

c. Supply Inventory: The ability to keep track of supplies, purchase orders and receipts, and requisitions and issues. The system also provides a reflection of stock quantities on hand, stock level warnings, automatic stock reordering, dates of price changes and information on stock usage and vendor data for cost control.

6. The second formal productivity improvement program under development is the organizational creation of a Performance Evaluation Branch in the Office of Finance (OF). This component is being established to review and assess:

a. the effectiveness with which OF components discharge their responsibilities;

b. the effectiveness of internal OF policies, procedures, and automated systems;

c. the effectiveness with which decentralized budget and fiscal components discharge their responsibilities; and

d. the effectiveness and efficiency of individual OF positions as they are presently structured.

In essence, this activity will look at the ways in which jobs are structured and at the efficiencies and effectiveness with which responsibilities are being discharged compared with efficiencies and effectiveness that could be achieved with changes in job structures, procedures or policies. This group has been and will remain in touch with the Joint Financial Management Improvement Program (JFMIP). JFMIP is both sponsored and staffed by GAO, OMB, OPM, and the Department of the Treasury and its goal--improved financial management--is totally consistent with the Office of Finance's productivity improvement program.

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7. These pilot activities have been conceived and are today being implemented in two of my offices. While each was conceived as an individual response to a constrained resource environment, I am integrating the reporting on and tracking of progress and results achieved in each so that they will form the nucleus of a directorate program on productivity improvement. My objective is to raise the productivity improvement awareness level in all of my offices in a positive, upbeat way so as to avoid, at all cost, sending signals that are perceived to be negative or threatening, or both, by my workforce. I propose to do this by:

    a. establishing directorate-level MBO's for productivity enhancement;

    b. reviewing the progress of these pilot activities with my office directors at regular intervals;

    c. regularly stimulating my office directors, as will be done at an office directors conference to be held at [              ] later this month; and

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    d. at appropriate intervals, share our progress and challenges with the other deputies, in an Executive Committee session or otherwise.

8. In sum, productivity improvement has been and will continue to be a way of life in the Administration Directorate. No single solution will provide the necessary results. Rather, we will need to continue to attack on several fronts simultaneously--capital investment in labor saving equipment, computerized support for labor intensive jobs, an on-going review of the ways in which we do our jobs, and the analysis of constraints, real or imaginary, that are imposed on us in doing jobs. Throughout we must ensure that we are sending positive, supportive signals to our most valuable resource, a loyal, committed, and already-productive workforce, without which we could not support the rest of the CIA as we are doing today. For these reasons I recommend that we pursue the first option in paragraph 10 of the reference--that of encouraging on-going activities. My Management Staff will be the Directorate point of contact for this program, but will monitor and provide a focus for this effort within its existing resources. Until these and similar activities develop further, I would be hard pressed to dedicate already-thin position authorizations to this effort or to encourage you to do so at the Agency level.

                /s/ William N. Hart

                Don I. Wortman

Distribution:
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     1 - ER
     1 - DDA

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Overview of the Administration Directorate
1983 Program Plan

## I. INTRODUCTION

This 1983 Program is my first as an Agency manager. To the
extent that I have been able to influence its development, I have
concentrated my efforts in the enhanced portion of the program. The
guidance that I have provided to my Office Directors has been very
straightforward:

> This Agency can't operate efficiently or
> cost effectively without the responsive
> support of the Administration
> Directorate. Therefore, I charge you
> with asking for the resources you need
> in 1983 to provide responsible,
> cost-effective support to your Agency
> and Intelligence Community customers.

It is from this foundation that our 1983 Program was
formulated. You have already reviewed my current level program in
considerable detail and have found it, in most instances, valid and
necessary. Where you found current level resource requests
inappropriate, you denied them, and we have followed your
directions. Inasmuch as my current level program has already
received significant review, I will not address it further here.

## II. DIRECTORATE GOALS

Your Program Call asks that I discuss Directorate goals that
will be pursued in 1983. The fundamental goal for the Directorate
and for each of its individual components is, has been, and will
continue to be:

> to provide in a timely, responsive and
> cost-effective manner a broad range of
> common-user support services that
> facilitate increased efficiency and
> effectiveness on the part of the users
> of our services.

In providing support services, each of my organizations will do so
in a fundamental, businesslike fashion. Our customers will
discharge their responsibilities more effectively and more
efficiently because of the timeliness and quality of the support
services we have provided. Our 1983 program has been built around

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requirements expressed by our customers. To the extent that the requirements are flawed, our budgets may be likewise flawed.

With respect to specific office-level goals that will be pursued in 1983, the following are indicative. We can discuss these goals with you in whatever greater detail you may prefer, at your convenience.

In Communications, two goals are paramount in 1983:

-- Continue to provide timely, responsive, and secure telecommunications support to worldwide customers; and

-- Initiate a major, four-year effort aimed at recapitalizing the worldwide CIA telecommunications network. I will discuss this goal in more detail later.

In Data Processing, we will continue to strive to provide a responsive, centralized, general purpose computer utility to all Agency activities and others as directed. 1983 will be a crucial year in pursuing our goals of implementing and supporting the initial operation of NFAC's SAFE System and in developing important new CAMS II software to support the new overhead collection systems in the mid-1980s. 1983 will also see a significant increase in the need for the development of several large, complex computer software applications (e.g., a new Payroll System).

In Security, the major goal remains one of providing a worldwide program that offers effective protection for Agency personnel, facilities, and information. In addition, we will continue to assist the DCI in discharging his Intelligence Community security responsibilities and will continue to augment our overseas and information security programs.

In Logistics, we will continue to provide for the acquisition, storage, shipment, and disposal of supplies and equipment; secure printing and photographic services; construction, renovation, maintenance and operation, and disposal of real property; and motor pool, courier, and classified destruction services. We will also initiate the detailed design of the Logistics Integrated Management System, discussed below in greater detail.

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In Training and Education, we will provide formal and
tutorial instruction to CIA and some few other
Intelligence Community employees that is essentially
unavailable outside of CIA--i.e, clandestine tradecraft
training.

In the Support Services area, we will continue to provide
specialized administrative services, both here and
abroad, in the areas of personnel, finance, medical
services, and information services.

## III.  KEY RESOURCE ISSUES/MAJOR RESOURCE NEEDS

1983 will be a pivotal year in the recapitalization of the
Administration Directorate--recapitalization of plant and equipment
in the traditional sense and recapitalization of services provided
by human resources in the non-traditional sense.  As a senior
manager new to the CIA, I was shocked to learn of the dearth of
capital investment funding available to the Administration
Directorate and to learn of the consequences of this phenomena:  an
inability to provide necessary user services today and an increased
inability to do so by the mid-1980s.  In response, my Office
Directors and I have defined a series of investment proposals that,
in my judgment, the Agency cannot afford not to underwrite in 1983.
In each case, the investment proposal is grounded upon broad, well
understood customer requirements that we either are not now or will
not in the mid-1980s be able to satisfy--some not at all, some only
at the expense of other ongoing activities.  In their total, these
investment opportunities lay the foundation for our ability to
provide responsive, cost-effective administrative services to a CIA
that will be drastically different in 1985.  If we don't take
advantage of the opportunity to recapitalize our obsolete and
underdeveloped systems now--both technical and human--it will be too
late to do so when the DDO, the DDS&T, or NFAC ask for a service
that we can't deliver.  We learned our mistakes, I hope, when we
failed to concurrently develop processing systems to handle the
product of new overhead collection systems.  We run a serious risk
of placing many of our administrative support systems in similarly
vulnerable situations if we don't underwrite these necessary
investment programs in 1983.

Specifically, our 1983 capital investment needs are:

Communications:

The first investment is one with which the Deputy Directors
and the past DDCI have already agreed--the need to recapitalize
CIA's worldwide telecommunications network.  Our current
communications systems and equipments are largely products of the

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1950s and 1960s. This period was a time of rapid growth in Agency activities and years of modest technological development as well. Information handling processes were manual, and technical collection systems were in their infancy. During the period 1965-1970, several Agency programs were initiated that resulted in increased technical collection and ADP activity. At the same time that these activities were expanding, Agency policies and priorities were resulting in funding constraints and in personnel reductions in the Office of Communications. These two trends--each moving in opposite directions--have resulted today in the loss in worldwide telecommunications systems' elasticity in quickly meeting either new or expanded requirements. The unfortunate result is that the worldwide network is today technically obsolete and unable to satisfy current customer requirements. This situation will get progressively worse the longer it is allowed to persist. Even worse, current and planned investments elsewhere in the Agency and in the Intelligence Community in information handling and collection systems will not yield their anticipated benefits unless supporting communications systems--the worldwide CIA telecommunications network--are recapitalized. The OC E01 decision package--a $56.2 million request--represents the first year investment of a four-year program to do what is necessary. [                    ], Bill Hart, and I are available to brief you and other senior Agency managers on the entire program in significant detail so that you can better understand not only the proposed 1983 activity, but the full program as well.

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Two other key communications issues have resource implications in 1983. The first involves our inability to satisfy expanding DDO collection requirements overseas. Increased overseas coverage in the Third World and increased covert action activity will result in new requirements for overseas communicator personnel that we can't satisfy. We and the DDO estimate that by 1983 we will need 22 more communicator personnel overseas than we can presently provide. We are therefore asking for 22 communications positions in 1983 and additional overseas positions beyond 1983. The second key issue involves completion of the Agency satellite communications program. From the viewpoint of duplicative training, equipment maintenance, and investment policy, it makes no sense to continue to budget for 5 or 10 SKYLINK terminals per year. We are purchasing 20 terminals in 1983 with A02 funding. We ought to go ahead and complete the acquisition program in 1983. With the addition of funding in the E03 package for another 22 SKYLINK terminals and associated equipment, we can very significantly reduce our costs--quantity negotiated savings and the termination of foreign leased lines.

Data Processing:

The Agency's centralized applications software development cadre, housed in ODP, has effectively operated under a static ceiling since 1972. Since then there has been a veritable explosion

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in Agency-wide demand for new applications software within the Agency, within the Intelligence Community, indeed everywhere in the world. ODP's constrained capacity to respond to this increased Agency demand has resulted in significant customer disatisfaction. ODP has a documented applications software development backlog of 51 workyears, and that is in all likelihood just a part of a larger iceberg. The constraint on this resource pool must be lifted so that the Agency can benefit from the productivity and qualitative improvements that will result. ODP has asked for 35 new positions for this function in 1983 to begin to provide a more responsible level of service to frustrated Agency employees.

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available to the CIA. This condition cannot be allowed to persist. Funding for such a facility was requested--and denied--in 1982.

Agency support for COMIREX continues as an issue in 1983. If ODP is to respond to Intelligence Community taskings for the COMIREX Automated Management System (CAMS), it must receive supplemental funding and positions. A 1983 request for CAMS II positions and monies will allow ODP to manage the timely development of the CAMS II Tasking software system. There continues a direct correlation between resources and the responsive satisfaction of this Community-wide requirement. Having made the investment decisions in the new collection systems, we have no choice but to fund the associated tasking and processing systems.

Logistics:

Several investment opportunities are long overdue in the logistics area. First and foremost is the need to provide the Headquaraters compound a greater degree of reliability and flexibility in assuring uninterrupted utility support to an increasingly automated and therefore utilities-dependent activity. The Office of Logistics has identified some 13 specific projects that must be underwritten if the Headquarters compound is to be afforded reliable and redundant utilities support over and above that provided by GSA. We are prepared to brief you in further detail on each of these projects and the purposes to be served by each. In the aggregate, this recapitalization requirement exceeds $5 million in 1983. Each and every one is necessary to satisfy existing needs. None are related to the possibility of a new building on the Headquarters compound.

Another logistics investment opportunity involves recapitalizing several systems in the printing and photography activity. Recapitalization of six specific systems will result in more cost effective and qualitative processing--to the point that

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the entire $1.2 million investment can be recouped within 36 months.
Increased productivity that will pay for itself in 36 months is an
investment we can't ignore.

A third investment opportunity involves acceleration of the
Logistics Integrated Management System (LIMS)--an integrated
management information system. Logistics labors today with a series
of processing systems--some manual, some semiautomated, none
integrated--that are neither cost-effective nor responsive because
they don't work together. Simply stated, LIMS will automate those
processing systems that offer the highest payback such that
Agency-wide logistics support will be more cost-effective and
responsive to customer requirements.

A fourth investment opportunity in logistics involves the
acquisition of general use office furniture and replacement
carpeting. The Agency has not spent any money for either since
1979, our inventories are nearly depleted, and this is the most
cost-effective way to modestly replenish our stocks.

Security:

Each year a growing share of our information holdings are
committed to computer storage. From efficiency and from economic
perspectives, this trend will continue. Unfortunately, this Agency
cannot assure the security protection of most information stored in
Agency computer systems. The risk is even greater when classified
information is processed and stored in contractor computer systems.
In the face of these trends and the associated security risks, the
Agency must make an overdue investment in information systems
security. Technology has rendered inadequate the historical
security programs aimed at protecting our information. We have
begun to devise new protective information systems security
measures--in fact, are in the forefront of government efforts--but
our program is grossly undercapitalized. The Director of Security
says he needs _____ positions and _____ dollars a year to
satisfactorily get this problem under control. We have proposed a
_____ investment to initiate this enhanced
program in 1983. The Director of Security, the Agency Information
Handling Systems Architect, and I are available to review the entire
program with you at your convenience.

The Agency is vulnerable--again at least in part because of
advancing technology--to yet another major security risk: _____

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One final investment opportunity in Security has resource
implications in 1983--personnel security.  If we are to retain
personnel security as the bedrock of our overall security program,
then we must invest in the resources--[  ]positions and some $300,000
in 1983--to conduct timely background investigations, polygraph
interviews, and clearance adjudications for both Agency employees
and for industrial contractor employees performing on classified
Agency contracts.

Training and Education:

The investment opportunities here all relate to increased DDO
operational activities overseas.  The Agency will have acquired, in
1982, [  ] foreign language development complement positions.  We are
requesting the final [  ] development complement positions recommended
by NAPA and [  ] associated foreign language instructor positions in
1983.  This investment will go a long ways towards ensuring that the
Agency re-acquires the necessary foreign language capability that we
had but have to a great extent lost over these past few years. [  ]

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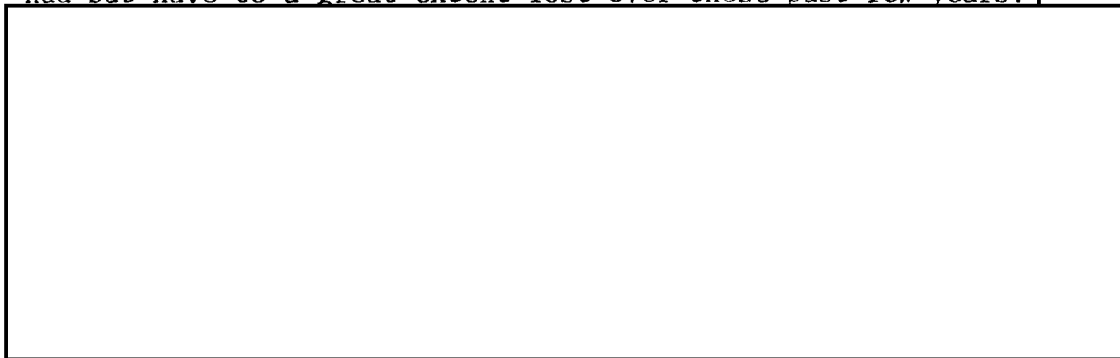
Support Services:

The Agency implemented a centralized Information Handling
Systems Architect function in FY 1981.  FY 1983 is the first
opportunity available to incorporate this Agency-wide activity into
the budget.  The Architect and his modest staff are charged with
guiding and planning for the provision of information handling
services to satisfy Agency needs, and to do so at minimum cost
consistent with security and system robustness requirements.  In
this case, the Agency has already agreed to make this investment.

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The Agency has been very slow in automating its finance operation at overseas stations and bases.  The DDO's CRAFT Program provides the wherewithal to do so at only an incremental cost. CRAFT will provide a host processor--in some cases a minicomputer; in others, a microprocessor--at overseas stations.  Finance can automate large portions of its overseas financial recording and reporting activity via a computer terminal connected to the CIA Station host processor.  We propose an investment in [____] such computer terminals in 1983 and [____] in later years.  Given the availability of a CRAFT system, the Finance investment can be achieved at very nominal incremental costs.

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The Agency has already made an investment in counterterrorism/crisis response and Agency-wide Alcohol Programs in years past.  Both programs are administered in the Office of Medical Services (OMS).  OMS in 1983 is again asking that we provide ceiling authorization for three positions presently committed to these programs.

The Office of Personnel Policy, Planning, and Management (OPPPM) is proposing to significantly augment its Agency-wide recruitment program in 1983 via the addition of [____] ositions and some $1 million.  This investment is necessary if OPPPM is to meet increased staffing needs resulting from an anticipated buildup in Agency strength.  Significant increases in advertising and invitee travel will be necessary if we are to gain a foothold in the job market in the mid-1980s.

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My line managers and I are available to discuss each of these investment needs with you in as much detail as you require.


IV.    IMPACT:   CURRENT PROGRAM OR ENHANCED PROGRAM

As I hope is already evident, our current program allows us to continue to provide the same essential level and the type of centralized support services to our customers as we have been for the past several years.  Without our enhanced program in 1983, however, we will continue unable to begin to build a support structure to service what will be a radically different CIA in the mid-1980s.  As the Agency changes, and as its support requirements change, we are being driven to more complex, more technological support systems.  What this means is that we are and must continue to become a more capital-intensive activity--a significant departure from our makeup as recently as five years ago.  In sum, the Agency is changing, we must change to keep up with it, and the changes will be expensive.

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## V.    TRADEOFFS

One of the first things I asked of my Office Directors upon
assuming my responsibilities in the Administration Directorate was
to identify areas where tradeoffs could be made in more cost
effectively and efficiently providing our services.  I reviewed
their responses, discussed it with them, and directed several
changes.  I have now been through the entire process once and will
continue to do so as necessary.  At this point, however, I am unable
to identify further tradeoffs unless other Agency senior managers
tell me that some of what I am doing for them is unnecessary.

## VI.    SIGNIFICANT OUTYEAR RESOURCE NEEDS

Only a few of our investment programs have significant
resource implications in the outyears.  They are:

-- The Communications Recapitalization Program:  some [          ]    STAT
   million (in 1980 constant dollars) through 1987;

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[                                                           ]

-- Planning for and construction of a new building on the
   Headquarters compound:  an estimated $259 million (in 1981
   constant dollars) in 1984.

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OVERVIEW OF THE ADMINISTRATION DIRECTORATE 1982 PROGRAM PLAN

## I.    INTRODUCTION

A review of the Directorate's 1982 Program, whether conducted from
a programmatic viewpoint or from a resource viewpoint, must necessarily
begin with an understanding of the environment in which we are operating
and will have been operating in as we go into Fiscal Year 1982.  The years
1980 and 1981 will have been both challenging and difficult ones for
Administration Directorate offices.  The challenge will have been in attempt-
ing to satisfy a plethora of requirements, all beneficial and worthwhile,
asked of us by Agency-wide users of our services, and in some cases Community
users as well.  The difficulty will have been in trying to do so from an
inadequate resource base.  We need to remember that Administration Directorate
offices were established to do one thing--provide in a centralized fashion
a broad range of common-user services and products to those Agency components
and activities that needed or would benefit from receipt of them.  The pur-
pose in doing this was to allow these components and activities to focus
their time, resources, and expertise on things that they do best--e.g., to
collect foreign intelligence overseas, to design sophisticated, state-of-the-
art technical collection systems, or to produce finished intelligence for
our government's senior policymakers.  We can only provide effective, effi-
cient common-user services to maximize the effectiveness and efficiency of
the Agency's substantive components if we are provided the resources that
are necessary to do so.  The point of this discussion is to remind reviewers
of our 1982 resource request that to the extent we are denied the resources
we need to do the things we are being asked to do, we become less efficient
in doing them, and we fail to make our customers more efficient and more
effective in doing what they do best.

## II.    DIRECTORATE GOALS

You asked in your guidance memoranda that I discuss Directorate goals
that are being pursued in 1982.  In the largest sense, the paramount Directorate
goal in 1982, our raison d'etre, remains unchanged:  to provide in a timely,
cost-effective, and responsive fashion a broad range of common-user services
that facilitate increased effectiveness and efficiencies on the part of CIA
users of our services  and to a lesser extent, Community users.  [        ]    25X1
Bill Hart, and I have initiated a series of actions over the course of the
last six months or so designed to either refocus or more closely integrate
the activities of individual Directorate offices.  By 1982 these initiatives
should result in increased efficiencies across the Directorate.  These actions
include a more concentrated effort at mid-and longer-range planning, and
where it makes sense, the integration of planning efforts in two or more of
our offices.  Joint efforts by the Offices of Communications and Data
Processing, for example, in planning for an explosion of information han-
dling needs in coming years will result in more comprehensive and cost-
effective system solutions.  I have also moved to increase our understanding    25X1

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In terms of the more specific office-level goals that will be pursued in 1982, the following are representative. We can discuss these goals in more detail, or discuss all of our goals, with you at anytime.

In the area of Communications, we will continue to place significant importance on modernizing our worldwide network in response to increasingly difficult requirements. 1982 will see two major efforts underway. The effort to replace and upgrade our message switches, intermediate relay switches, and field station communications equipment will be in its third year. This effort is called MERCURY and involves the modernization of network technology so that we can efficiently and reliably satisfy communications requirements that are on us today--data as well as narrative message traffic--that did not exist when the present network was designed and installed. The second, and intimately related, modernization effort will be the continued introduction of satellite communications into the worldwide network--our SKYLINK program.

In Data Processing we will continue our efforts to provide a broad range of centralized computer services aimed at satisfying increased requirements from both Agency-wide and Community customers--from support to economic analysis and photo-collection R&D, for example, to development and operation of Community systems such as the COMIREX Automated Management System (CAMS) and automated APEX support.

Our Communications and Data Processing organizations also share joint goals, such as the development and implementation of improved information handling services in the Headquarters area--incoming message and data traffic from overseas and the domestic field and data communications between our various Headquarters area buildings.

In the Security area, we will be concentrating heavily on enhancing the physical security of our people and of our information overseas. As a result of physical assaults on five embassies, burn-out of classified holdings at twelve stations and bases, and the severe risk to human life in increasingly larger parts of the world that we encountered in 1980, we immediately began to augment our overseas physical security efforts and will continue to do so throughout 1982. In the same vein, a growing Soviet-Eastern Bloc threat in the form of hostile listening devices will dictate a reinvigorated worldwide technical security effort in 1982. APEX support will be in full swing as well.

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In the area of Training, we will be responding to an increasing awareness at the highest levels of Agency management that training can be an effective tool in improving workforce productivity, both qualitatively and quantitatively. The expanded Career Training Program, which concurrently increases the requirement for operations--tradecraft--training, significantly enhanced analyst training, a continuing Language Incentive Program, and a reinvigorated management and leadership training program are areas in which significant effort will be expended and equally significant accomplishment is vital.

Logistics, a major consumer of energy resources on behalf of the entire Agency, will be working hard at reducing CIA's dependency on petroleum products while continuing to satisfy requirements for photographic services, domestic and foreign transportation, and Headquarters area heating and air conditioning support. Failing these goals, the Agency will see a continuation of escalating fuel cost increases that must be accommodated at the expense of other equally necessary support.
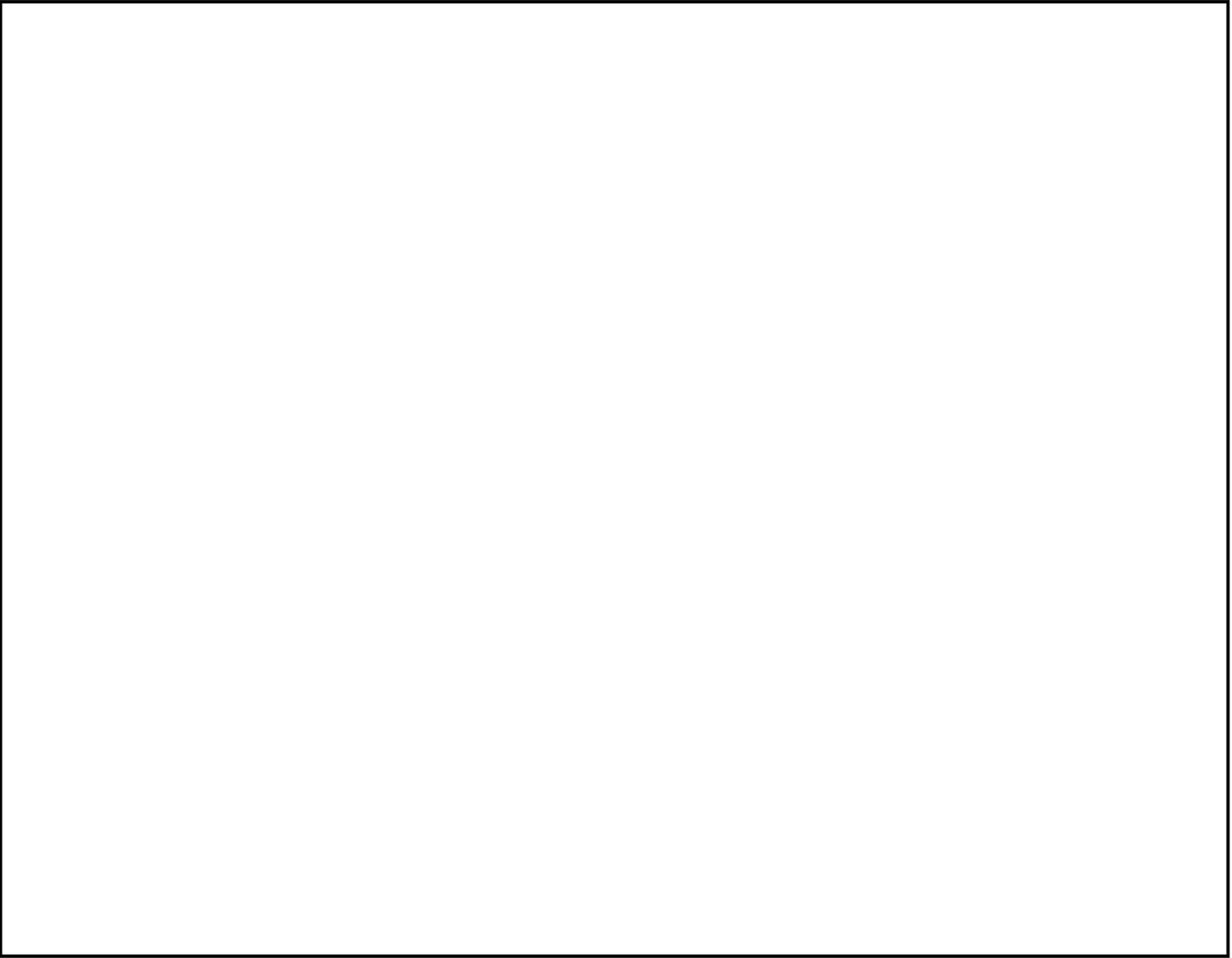
III.   KEY RESOURCE ISSUES

You asked for a characterization of our major resource needs in 1982 and of key issues that have resource implications in 1982. One key issue transcends all of our 1982 resource requirements: inflation and the debilitating effect it is having on our ability to satisfy both longstanding and evolving new requirements for our services. Offices within the Administration Directorate, without exception, have suffered losses in purchasing power in every year since 1978. If you look at offices like Communications, the largest funding increases they have received have gone to pay for rate increases for fixed costs--e.g., those associated with [                    ] Said another way, nearly 40 percent of OC's 1982 program increases 10 percent, and they get nothing more for their money than in prior years. Looked at from a Directorate viewpoint, nearly every commercial product and service that we acquire in satisfying user requirements is affected by inflation. Let's review some of them so that we appreciate how pervasive the effect of inflation is on our activities. Inflation affects the cost of utilities (heat, light, power, not only in the Headquarters area, [            ] paper supplies of all kinds (reproduction, general use, computer, and photographic), photographic film and chemical processing of the film, travel (foreign and domestic transportation and per diem), fuel (for courier and shuttle service, domestic and foreign transportation of property), contractual support (engineering and computer systems support, for example, and food, maintenance, and operation services of training installations [        ] replacement of obsolete equipment in use worldwide (remote computer terminals, telecommunications and audio countermeasures equipment, vehicles, materiel handling systems), and the daily operating supplies and services that we have become so dependent on (rental of office copiers and word processing systems, magnetic computer tape and disc storage packs, medicine, stamps). As inflation reduces the purchasing power of our programs,

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We are forced, if operating within a static resource environment, to provide less of my services and products to my customers. We can try to do more with less, and have been for several years. As previously communicated to you, we have what we think is a very active "doing more with less" program, but no matter how much success we have with it, one fact remains: you must ensure that my offices do not continue to lose the purchasing power of their non-personal services resources.

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Another key issue having resource implications in 1982 is the Agency's centralized training program. OTR has, within the past 12 months, been asked to:

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- Increase the number of DDO-bound career trainees from [        ] This involves not only training them for an entirely new livelihood, but also recruiting, selecting, and processing them into the Agency and even into their initial assignment-- a terribly labor-intensive undertaking;

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- Develop, in concert with NFAC, a new, or at least radically improved, program to teach analysts how to be better analysts;

- Reinvigorate the management and leadership training in at least the mid-level and senior-level courses offered to CIA managers;

- Significantly improve the Agency's foreign language capabilities through a combination of augmented training, development and administration of a Language Incentive Program, and the development of a more effective capability to test people, both at home and abroad, for foreign language proficiency; and

- Significantly increase the amount of orientation and familiarization training that is provided for new Agency employees.

The Office of Training, in beginning to accomplish these tasks in 1980, was provided with no additional resources. No increased resources were made available in 1981 either. Something must be done in 1982 to get OTR more positions if it is to provide these increased services, particularly the selection and training [                                    ] in a way that    25X1
does not jeopardize the quality of instruction as you treble the require- ment, and the implementation of a new analyst training program for NFAC (one step in NFAC's program to improve the quality of analysis).

IV.    CURRENT PROGRAM

       In addressing the expected impact of the overall Directorate 1982 Program at the current versus enhanced level, in discussing trade-offs that have been made to accommodate new endeavors, and in discussing various strategies to employ if held to a zero growth level, I will divide the pro- gram in three pieces (current program, enhanced program, and "theme packages") and attempt to characterize each for you.

       The Directorate's so-called "current program" for 1982 totals
25X1   [                                    ]. Treating positions
25X1   first, the 1982 increase of [        ] positions recognizes restoration of the Agency History Program and is consistent with your guidance. The balance of Directorate position requirements allowed in the "current program" are unchanged from 1981.

       Looked at programmatically, our "current" program in 1982 was devel- oped to provide the same level of services as are presently being furnished (e.g., shuttle service) where this was the most appropriate measure, or to provide for the specific effort required (e.g., development and operation of CAMS) in those cases where such specificity was practicable. We must all recognize, however, that in building our 1982 Program this way--from the

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base of 1980 services and service levels, 1980 was and is a very difficult year because of the severity of funding restrictions imposed upon the Directorate. The extent to which our offices are in 1980 unable to satisfy customer service requirements because of inadequate funding, and in every instance they are unable to do so, is consciously being built into our 1982 Directorate Program. You must understand that even in the event that you fully fund our "current" 1982 Program, you are limiting our ability to satisfy existing requirements that John McMahon, Les Dirks, and Bruce Clarke have levied on us.

The cost of providing present (1980) services and service levels in 1982 [          ] Funding of this level will necessitate an increase over our 1981 funding level of nearly [          ] an increase of some [          ] A preliminary analysis of this [          ] however, indicates that more than half of it--$[          ]results from inflation. Our offices, in budgeting for 1982 inflation, have in nearly every instance used the suggested factors provided in your guidance memoranda. Another sizable portion of the [          ]relates to funding deletions that were made from our part of the President's 1981 budget request to the Congress. Another [          ]of the total increase is required to provide for normal personal services increases and the annualization of new 1981 positions. The final [          ]or so of the total increase relates to the continuation of programmatic decisions made in previous years. While it is dangerous to try to oversimplify a program as complex as ours, the final [          ]increase represents:

- Some [          ]to continue the modernization of OC's worldwide communications network architecture (Project MERCURY);

- Some [          ]to provide additional remote computer terminals to Agency-wide users of ODP's centralized computer facilities;

- About [          ]to provide full-time GSA guard service [          ] and

- Nearly [          ]for Logistical Services so that they, in concert with ODP, can begin the replacement of the Inventory Control System with an improved automated system that will significantly enhance office-wide productivity.

This final [          ]increment is the only "growth" that we can provide for our customers in 1982.

We have tried in every instance in 1982 to improve the effectiveness of our services and the efficiency with which we provide our services to our customers. Said another way, we have tried to improve Agency-wide productivity in the development of our 1982 Program. We are trying to be more productive

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in the ways we do our jobs and are striving to ensure that our users are more productive through the use of our services. For example, a $1 million increase in ODP will provide for some 84 more remote computer terminals for Agency users of ODP computer systems than were provided in 1981. It is our belief that through increased utilization of computer systems most Agency components can become more productive. We are trying to facilitate this through the provision of a centralized computer facility and through increased access to it. From another viewpoint, we are trying to improve the responsiveness of our worldwide logistical supply system through more informed inventory and supply management decisions. In order to do this, we need to develop and implement a more responsive capability--a Logistics Materiel Management System--to replace the current Inventory Control System (ICS). In its simplest sense, the ICS is no more than a financial property accounting system, and we need an Agency-wide system that will facilitate the dynamic administration of nearly all aspects of Agency materiel management.

You have asked which activities are being eliminated or reduced in 1982 in favor of new endeavors within our "current" program. No ongoing programs or activities have consciously been eliminated or reduced in 1982, but then the largest part of the program is prepared on a level-of-effort basis. The elimination or reduction of activities will be a function of the 1982 funding that is made available to my components. The consequences of 1980 budget decisions, for example, will begin to be felt in the next 45 days or so as my senior managers and I begin, with your eventual participation, the difficult process of balancing the provision of services with the availability of resources. The Administration Directorate will very shortly require additional 1980 funding or I will be forced to cut back essential services--e.g., unclassified telephone and shuttle service in the Headquarters area, conferencing services [                    ]  25X1 and printing and photography processing of lower priority intelligence publications. Other 1980 service reductions may become necessary as well. This same process will occur in 1981 and 1982, but I cannot with any degree of accuracy forecast now the specific services that will, if required, be eliminated or reduced.

You also asked for options in stretching out, curtailing, or deferring ongoing or planned programs if my 1982 funding is again curtailed. My concern with this request is that my programs have already been and are stretched and deferred to an extreme. SKYLINK is limping along at the rate of five new terminals per year. MERCURY will become a 10-year program instead of a three- or four-year undertaking. Readying a new building in the Headquarters area [                    ] will become a five-year  25X1 project--1980 lease action through 1984 completion of a responsive 24-hour-per-day information support (OC and ODP) capability as required of us by Les Dirks. An effort to improve the Cable Secretariat's responsiveness to NFAC dissemination and distribution requirements has been hampered by the unavailability of funds. In the final analysis, however, we can cut back, stretch out, defer, or eliminate funding for any activity we perform so long as you and our customers are willing to accept the consequences.

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In terms of activities within the 1982 "current" program that have significant resource implications in the outyears, they are few. In Communications, modernization of the worldwide network clearly has a significant impact on outyear funding--SKYLINK, MERCURY, cable dissemination, and Headquarters area data communications. No other individual Directorate activity would appear to impact outyear funding by more than $5 million--my measure for "significant resource implications."

On balance, then, the Directorate 1982 "current" program is essentially a continuation of the common-user and specialized services that we are providing in 1980 in response to customer requirements. We have not been able to include within our "current" program any major new initiatives in 1982 to better serve or benefit the Agency and still comply with your instructions.

## V.    ENHANCED PROGRAM

My 1982 "enhanced program, however, requests [____] new full-time            25X1
positions [_____] The message conveyed is that in 1982 the
DDA needs people in order to satisfy the services we are being asked to
provide. Six of the first eight enhanced packages request full-time personnel
resources [_____] Our major requests for positions stem
from known, not perceived, customer requirements projected for 1982. The
new 85,000 square foot leased building, for example, will house both a data
processing access center and a communications center. DDS&T customers are
adamant in requiring that this information support facility be staffed on a
24-hour basis. The 18 positions required to provide this service are not
available through our current program. Neither are the 23 positions avail-
able that are required to provide a capability for the centralized processing
of FOIA, Privacy Act, and Executive Order 12065 requests from the public.
These positions, the entirety of the Information and Privacy Division (IPD)
of the Information Services Staff, have been in and out of the Agency Program
these last few years as a result of our attempt to obtain legislative relief
from at least the more onerous provisions of the Freedom of Information Act
(FOIA). Whether we ever obtain such relief or not, however, the [__] positions     25X1
requested in the E01 Support Services decision package are necessary for a
whole host of reasons, not the least of which is that even legislative relief
can't be retroactive, and we have at least three years' worth of effort back-
logged today. Having said that, we are only seeking relief from the FOIA,
yet this group of people-[____] processes Agency-wide responses to Privacy Act       25X1
and Executive Order 12065 requests as well as FOIA requests.

The APEX system, covered in a 1981 Presidential budget request to
Congress, will require enhanced security support to the Intelligence Community
in the form of computer security specialists and technical security [____]        25X1
[_____] Our increased data
processing support to the Intelligence Community's COINS network in 1982 will
require a dedicated computer, electrically isolated from compartmented CIA
information, together with personnel to operate it. Development of more com-
puter systems utilizing COINS implies more training of Community personnel,
and the increased staffing to do it.

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An age-old dilemma is posed by the establishment of new requirements without concurrent relief from existing requirements: we need additional ceiling authorization if we are to satisfy them. It is our initial judgment that these requirements cannot be satisfied through utilization of contractor support. To the extent that such judgments are erroneous, however, appropriate non-personal services funds, together with positions necessary to monitor contractor efforts, may be substituted for requested positions.

The second element of our 1982 "enhanced" program is funding necessary for additional capital investment. Our requests for these capital investment funds fall into two categories. First, we need funds to replace equipment that is irreparable, outdated, or considerably below the state of the art, and therefore costly to operate and maintain. For example, increased message traffic and projected information processing systems in 1982 will require higher speed data communications services, forcing a modernization of our communications network architecture program. Funds for a portion of that modernization are included in our "enhanced" program. The introduction of a laser platemaker in our Printing and Photography activity will both significantly increase job throughput and eliminate the need for expensive film. This capital investment will pay for itself in less than two years just through the elimination of film. Renovation of the facilities [          ]   25X1 including heat pumps for residential housing and construction of replacement houses for five currently used, [                                    ] will   25X1 enhance [      ] ability to support increased requirements for career trainees, nonofficial cover, and foreign liaison personnel training. An important consideration in this training request is that some of these equipments are becoming obsolete at exactly the time when workload on them is increasing. Others are becoming obsolete because of the increased customer requirements on them.

The second category of requests for capital investment includes those activities in which we can achieve productivity increases without increasing requirements for people and associated ceiling positions. Most of these items involve some sort of automation--[   ] additional computer terminals to   25X1 provide increased access to ODP's centralized computer services, 10 microcomputers to automate highly sensitive financial data files in the Office of Finance, equipment to electronically transmit security background investigation data to Headquarters, and storage capacity and word processing capability for those offices which have requested these services.

In summary, our 1982 "enhanced" program is responsive to no more than existing or formally documented new customer requirements. We either need additional resources to satisfy new requirements or we need additional resources to satisfy existing service requirements more effectively or more efficiently. In either event, our ability to satisfy customer requirements is in largest part a function of the resources made available to us.

VI.    THEME PACKAGES

The following is a summary presentation of the nine theme packages being submitted by the Administration Directorate. We have grouped them by

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major characteristic in this presentation and in the discussion which follows:

## DDA Theme Packages

| Replacement | Positions | Funding (In Thousands) |
|---|---|---|

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### Expansion

| | | Positions | Funding (In Thousands) |
|---|---|---|---|
| 1. | Installation of six additional SC-3 field terminals and related equipment | -- | 4,950 |

25X1

### New Initiatives

| | | Positions | Funding |
|---|---|---|---|
| 1. | Construction of an offsite backup computer center | -- | 1,000 |
| 2. | Development of a proto-type document control system | -- | 2,500 |
| 3. | Establishment of a Building Planning Staff to consolidate external facilities at the Headquarters compound | 7 | 1,415 |
| 4. | Establishment of a special fund for use in contracting with minority colleges and businesses | 1 | 5,000 |

These decision packages respond to your call for broad problem solutions. Five of the nine packages request large capital investment to either replace, expand, or upgrade existing support mechanisms. Training, for
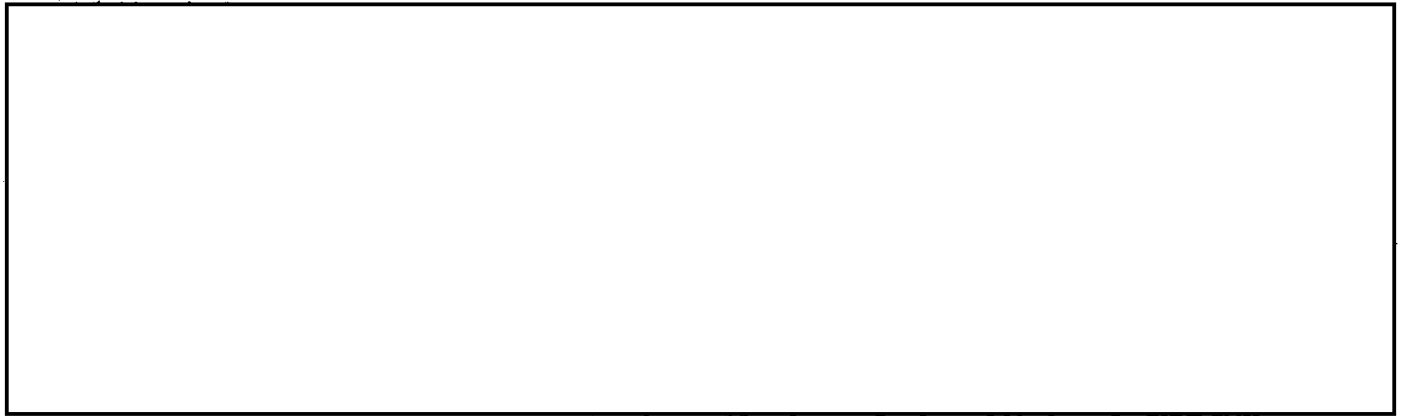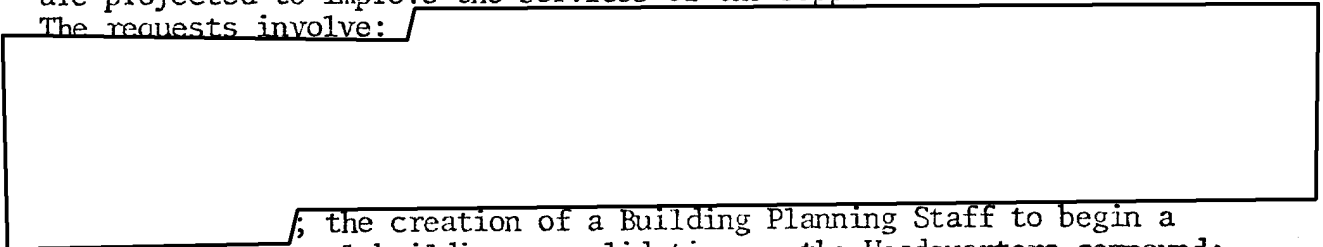
25X1

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25X1

A further package provides for the installation of six additional SKYLINK
terminals, in addition to the five funded in the "current" program. Our
priority for increasing the introduction of satellite communications into
the worldwide network has already been discussed.

25X1

25X1

The remaining four theme packages all involve new initiatives which
are projected to improve the services of the support offices involved.
The requests involve: ; the creation of a Building Planning Staff to begin a
program of external building consolidation on the Headquarters compound;
and the provision of a special fund for use in contracting with Black col-
leges and universities and minority businesses. Three of these requests
will involve some significant outyear funding and also are projected to
require increased staffing beyond 1982. These last four packages discussed
involve a significant impact on the Agency at large as they each require
a degree of change to the way we currently function.

When viewed as a whole, our theme packages provide a wide range of
solutions to perceived and expected customer requirements. We make every
attempt--replace, upgrade, or try a different approach--in order to con-
tinue existing services and to increase them when asked to do so.

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## VII. LOGIC OF DECISION PACKAGE RANKING

My ranking of Directorate decision packages, inclusive of the DCI's Office of Personnel Policy, Planning, and Management and exclusive of the [                    ] reflects my perception of priorities that will face us in 1982. As you can no doubt appreciate, I concentrated most of my effort on packages in the middle of the ranking--those likely to be at risk. The placement of current level decision packages in the ranking was extremely difficult because all are responsive to important Agency and Community customer requirements. With respect to the ranking of enhanced requirements, provision for the Information and Privacy Division of ISS is a mandatory requirement that, were it not for the rules imposed for Zero-Based budgeting, would be included within my "current" program because we don't have the option of not providing the service. The next two packages, E01 and E02 of the Communications Decision Unit, reflect my extreme concern for the well-being of CIA's worldwide network. Training has been asked to do too many new things all at once and has neither been relieved of existing requirements nor been provided with additional resources--an intolerable situation that cries out for relief. These positions, you will recall, provide for additional instructors for the Career Training Program and for an enhanced analyst training program for NFAC. The Logistical Services requirement is for equipment to improve productivity and obviate the need for additional positions; NFAC and the Agency's overseas activities benefit most from this funding requirement. Package 31 provides the Office of Data Processing with the positions necessary to service OD&E and OSO requirements for 24-hour-per-day data processing support in the new building. Security's needs in Package 32 are a direct response to the President's decision to implement the APEX Control System. The increased APEX requirements for computer security and both industrial and domestic-U.S. audio countermeasures inspections are not insignificant and cannot be satisfied from within the "current" program unless other equally important activities are sacrificed.

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